

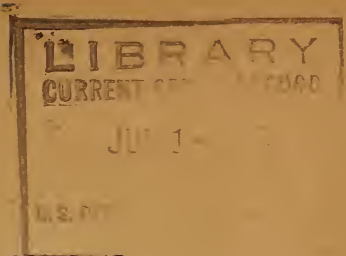
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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.



June 11, 1943

DIRECTOR'S MEMORANDUM NO. 56

Functions of the Food Distribution Administration With
Regard to Materials and Facilities

War Food Administrator's Memorandum No. 4 of May 10, 1943, established the Office of Materials and Facilities under Deputy Administrator M. Lee Marshall. The establishment of this Office will strengthen the position of the War Food Administration in planning, programming, and distributing the materials and facilities required by its food program. This Office will direct and coordinate the facilities programs of the constituent agencies of War Food Administration.

The Food Distribution Administration through its branches will continue the functions which it has heretofore performed in ascertaining requirements for critical materials and in recommending priorities and allotments. In these activities the Food Distribution Administration will work with and be subject to the directives of the Office of Materials and Facilities.

The Office of Materials and Facilities will give FDA advance information on time schedules for programming materials and facilities requirements. It will also issue guides for the preparation of material and will present such prepared material to comply with policy and program formulation of the War Production Board. It will assist the Food Distribution Administration branches in the preparation of such material.

Food Distribution Administration is responsible for providing the Office of Materials and Facilities with the exact needs of war plant canteen feeding and of the food processing and distribution industries for replacement and expansion of equipment and for containers and other forms of packaging. It is apparent that this plan of presenting requirements to OMF means that FDA branches will need to develop information concerning: (1) the number and location of plants in operation, under construction, or contemplated to be constructed, (2) equipment required by particular types of plants for expansion, new construction, and maintenance, (3) normal output of such machines and equipment, (4) estimated deterioration of machines and equipment, and (5) the number and types of containers, closures, and other packaging requirements, together with the estimated amount of materials involved.

Food Distribution Administration branches will continue to review and approve project applications for such programs as the dehydration, compression, compacting, warehousing and freezing of food. In this connection they will arrange, wherever feasible, for regional personnel to make investigations for (1) availability of raw materials, (2) availability of facilities within the specified location, (3) the experience of the concern, and (4) proximity of the plant to transportation facilities. Before a project can receive final approval, FDA will consult with OMF to ascertain whether or not materials and facilities required are available and can be scheduled according to plan.

FDA will continue to be responsible for assisting in seeing that needed expansion of plants is financed. It will attempt first to encourage private financing. If that is unavailable, it will seek to obtain financing through Defense Plant Corporation, and if necessary, use Lend-Lease funds. FDA will continue to be responsible for protecting the government's interest in connection with Lend-Lease financing already arranged, and to obtain such additional allocation of funds which may be necessary in order to expand further the plant production of the products needed incident to the war program. For instance, it will continue in every way possible to seek expansion of dry skim milk productions.

The Office of Materials and Facilities will obtain from the War Production Board an allocation of the materials and facilities necessary to implement the various food programs. It will request the War Production Board to schedule the production of the various items required by the food processing and distribution industries and war plant canteen feeding.

The Office of Materials and Facilities will then be responsible for the distribution of the allocation of materials and facilities received from WPB. Office of Materials and Facilities will process all priority applications. We will seek to have the majority of the priority applications processed directly by the Office of Materials and Facilities without being referred to the Food Distribution Administration. Certain applications involving new construction, capital equipment, and critical maintenance and repair items will, however, be sent to the Food Distribution Administration branches for a determination only as to the relative need of the specific facility.

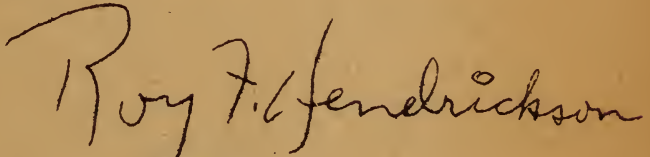
In order that FDA will know the status of its programs, the Office of Materials and Facilities will furnish Food Distribution Administration with periodic reports of allotments and material balances under each program.

To carry out these activities within FDA, J. B. Wyckoff, Special Assistant to the Director, is hereby assigned responsibility and authority for coordinating at the staff level the Food Distribution Administration facilities and materials programs, and will be the central point of contact with the Office of Materials and Facilities. In carrying out

these staff responsibilities, he shall work with the Office of Materials and Facilities and with the branches of FDA. He shall assist the branches in connection with any problem related to the formulation of policy on facilities and materials necessary to assure adequate supply and efficient distribution of food. He shall conduct a continuous review of facilities operations in the Food Distribution Administration to assure adequate execution of Food Distribution programs.

In the event that the amount of critical materials allotted to the Food Distribution Administration's programs is less than the estimated requirements of those programs, it will be the responsibility of Mr. Wyckoff, in accordance with the policy of the Food Distribution Administration, to determine and indicate to the Office of Materials and Facilities which of Food Distribution Administration's programs is in most critical need of materials.

Unless adequate facilities and materials are provided, the goals of our food program cannot be achieved. Careful planning and programming is essential to assure full utilization of these limited resources. It goes without saying that a successful program depends on the closest possible cooperation of all concerned.


Director

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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

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September 3, 1943

DIRECTOR'S MEMORANDUM NO. 56

A
Revision 1

Establishment of the Special Assistant to the Director on
Plant Facilities, Financing, and Food Protection

The Special Assistant on Plant Facilities, Financing, and Food Protection is hereby established to provide staff coordination on non-food materials allocation and priorities; to arrange for plant financing, and to initiate a system of food protection.

Staff Coordination

As part of the function to coordinate the facility programs of the individual commodity branches in terms of FDA food policy, the Special Assistant will represent the Director:

1. In the determination of policy in connection with any problem related to the facilities and materials needed to assure adequate supply and efficient distribution of food.
2. In cases where the Office of Materials and Facilities feels that modifications are necessary in requirements submitted by FDA branches.
3. In the event that the amount of critical materials allotted to the Food Distribution Administration programs is less than the estimated requirements of these programs, to determine which FDA programs are most critically in need of materials in the light of the need of the over-all FDA program.

Plant Financing

It will be the responsibility of the Special Assistant to the Director to obtain the financial aid necessary for the plant expansion program. To carry out this function he will:

1. Encourage private financing.
2. If private finances are unavailable, seek to obtain funds through Defense Plant Corporation.
3. If necessary, use Lend-Lease funds. In this case he will be responsible for protecting the Government's interest in connection with Lend-Lease financing already arranged and will supervise the utilization of such additional funds as

may be necessary. All projects requiring Lend-Lease funds must be approved by him and he is responsible for making contract and lease arrangements and for insuring proper inventories and inspection of the plant and equipment.

Plant Protection

The special Assistant to the Director will establish a system for the protection of food products, fiber, naval stores, and vegetable oils against destructive acts or contamination. As part of this he will:

1. Draw up a list, in priority order, of the processing plants and warehouses needing protection.
2. Assure that plant owners and operators adhere to proper protective measures. Where available, field staffs of the commodity branches and regional offices will be assigned this responsibility.
3. Make recommendations supported by field investigation to the Office of Materials and Facilities for necessary protective equipment.

Responsibility of Commodity Branches

The commodity branches will continue the functions which they have heretofore performed in ascertaining requirements for critical materials and in recommending priorities and allocations. Specifically, they shall:

1. Develop, in each branch, the non-food materials requirements of their respective food industries.
2. Make recommendations directly to the Office of Materials and Facilities on priority applications.

Personnel Assignment

Mr. J. B. Wyckoff is hereby designated as Special Assistant to the Director in charge of Plant Facilities, Financing, and Protection. Mr. Samuel U. Baxter will work with Mr. Wyckoff, having special responsibility for plant protection.

This Memorandum supersedes Director's Memorandum No. 56, dated June 11, 1943.

Roy F. Hendrickson
Director

INDEX ENTRY

Industry Operations: Plant Facilities, Financing, and Food Protection
Plant Facilities, Financing, and Food Protection, establishment of Special Assistant to Director on (see also Industry Operations)

WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

October 14, 1943

CORRECTION NOTICE

Director's Memorandum No. 56, Revision 1, Supplement 1

Procedure for Handling V-Loans to Food Processors

1. In Exhibit B, specimen letter transmitting the Certificate of Necessity to the Office of Lend-Lease Administration, the following change is in order: On line 6 the words "military and relief" should not be used, Lend-Lease will approve loans only for the production of goods specifically required by Lend-Lease. "Military and relief" would be too general a term.
2. In Exhibit C, specimen transmittal, the letter should be addressed not to Mr. James Buckley, but to S. T. Parelman.

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WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

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October 11, 1943
DEPARTMENT OF AGRICULTURE

DIRECTOR'S MEMORANDUM NO. 56

Revision 1, Supplement 1

Procedure for Handling V-Loans to Food Processors

FDA is responsible for seeing to it that enough food is made available for Lend-Lease and other wartime needs. Oftentimes manufacturers, processors, or suppliers of agricultural commodities need operating capital but are unable to obtain loans from their local banks unless the Government guarantees the loan. Following is an outline of interagency agreements and internal FDA procedures that have been established in order that such individuals or corporations may receive loans from their local banks.

Interagency Arrangements

A. Authority to Guarantee Loans.

The War Department has power to enter into contracts with the Federal Reserve System and other financial institutions guaranteeing these institutions up to 90 percent on loans deemed necessary for the prosecution of the war. By Executive Order the Office of Lend-Lease Administration is authorized to assume financial responsibility for loans guaranteed by the War Department.

B. Assistance Rendered by FDA.

By special agreement FDA will assist the War Department and OLLA in determining what loans will be made, by reviewing applications from food processors referred to it by the War Department and issuing certificates of necessity. FDA will keep OLLA advised of all certificates of necessity which are prepared for V-loans and will notify OLLA promptly when certificates are not prepared. The V-loan certificate of necessity should not be confused with certificates issued in connection with amortization under Section 124 of the Internal Revenue Code.

C. Action Taken by OLLA.

The certificate of necessity received from FDA is reviewed by the Lend-Lease Administration's V-Loan Committee. This committee decides whether or not it is advisable for Lend-Lease to underwrite the loan.

D. Granting of the Loan.

Final action is taken by the War Department when it considers the original application, the certificate of necessity prepared by FDA, and the recommendation of the Lend-Lease Administration's V-Loan Committee. If the War Department approves the application, it will

see to it that a guarantee is executed. Lend-Lease Administration agrees to indemnify the War Department for any loss incurred in connection with such guarantee.

Procedure Within FDA

A. Assignment of Responsibility.

Responsibility is hereby assigned to the Special Assistant to the Director in charge of Plant Facilities, Financing, and Food Protection to direct and coordinate the V-loan activities. In this capacity the Special Assistant is responsible for all contacts between FDA and the War Department or the Lend-Lease Administration. Whenever a problem arises within a commodity branch in connection with V-loans, the matter should be cleared with the Special Assistant to the Director.

B. Receipt of Application.

Applications are received from the War Department addressed to the Special Assistant to the Director of FDA. They are then sent to the commodity branch concerned.

C. Functions of the Commodity Branch.

1. In evaluating an application the commodity branch considers:
 - a. The necessity to the war effort of the production of the plant applying for a loan.
 - b. Experience with this concern, if any, on previous contracts.
 - c. The ability of the concern to perform the contract in accordance with its terms, particularly with respect to the ability of the contractor to perform from a technical and production standpoint.
 - d. The amount of advance payments, if any, which have been made against the contract involved.
 - e. Existing FDA contracts, if any, for the purchase of the commodity.
2. If the commodity branch decides to issue a certificate of necessity for the V-Loan, it then prepares:
 - a. A certificate of necessity in the form approved by OLLA to be signed by the Branch Chief, FDA Form 646, Exhibit A, attached.
 - b. A determination for the signature of the Director in the form of an explanatory letter to the War Department, see attachment, Exhibit B, "Specimen Letter."

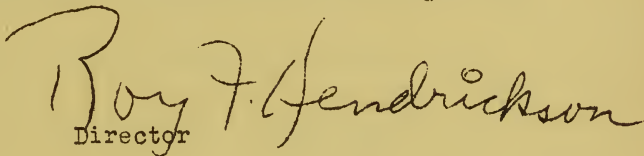
- c. A letter to OLLA transmitting a copy of the certificate and of the letter of determination, see attachment, Exhibit C, "Transmittal Letter."
3. If the commodity branch decides not to issue a certificate of necessity for the V-loan, it prepares:
 - a. An explanatory letter to the War Department, for the signature of the Special Assistant to the Director; and
 - b. A letter of transmittal to OLLA, attaching copy of the letter to the War Department.

Sample copies of these papers are attached. The certificate of necessity must be followed exactly. The supporting letter to the War Department may be modified to suit the case.

The commodity branch chief signs the certificate of necessity and initials all other papers which are then routed to the Special Assistant to the Director.

D. Action Taken by Special Assistant to the Director.

The Special Assistant to the Director reviews all the papers and sees to it that they are presented to the Director for signature.


Director

Attachments

INDEX ENTRIES:

Industry Operations: V-Loans to food processors, handling of
V-Loans to food processors, handling of (see Industry Operations)

WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

Exhibit A.

Form FDA - 646

CERTIFICATE OF NECESSITY

(Date)

Memorandum to: The War Department

Subject:

(Applicant Company)

(Address)

On behalf of the Food Distribution Administration, and pursuant to the provisions of Executive Orders Nos. 9112, dated March 26, 1942, and 9336, dated April 28, 1943, also the instructions from the Office of Lend-Lease Administration to the Secretary of Agriculture, dated April 8, 1943, I hereby notify you that the _____
(Applicant)

_____, _____, _____, is
(Company) (City) (State)
engaged in a business or operation which is deemed to be necessary, appropriate, or convenient for the prosecution of the war, and is in need of funds in order to facilitate or expedite its production of articles to be procured for the Office of Lend-Lease Administration.

Branch Chief

FOOD DISTRIBUTION ADMINISTRATION
Washington, D. C.

October 1, 1943

Col. Paul Cleveland
Chief, Advance Payment and Loan Branch
Special Financial Services Division
Headquarters, Army Service Forces
War Department
Washington, D. C.

Dear Colonel Cleveland:

This is in reply to your letter of September 25, 1943 requesting information and a Certificate of Necessity on a proposed loan of \$ 500,000 to the John Doe Co., Chicago, Illinois.

The John Doe Co. plant is one of the largest operating in the United States, having a capacity of 1,000,000 pounds of dried eggs annually. This volume is needed for our 1943 military and relief requirements. The John Doe Co. sold us a total of 900,000 pounds of dried eggs in 1942. Their record, from a quality standpoint, is good. Their cooperation in the production of a product which meets our requirements has been excellent. This firm has contracts with us at the present time for a total of 1,800,000 pounds of dried eggs to be delivered during the period beginning January 1, 1943, to January 31, 1944. It is expected that these contracts will be supplemented by additional commitments which will be made during the next few months. The management of this plant is known to be capable, having had several years experience in the egg dehydration business. With their system of technical supervision and laboratory control, they should be able to continue to produce a satisfactory product.

A Certificate of Necessity covering the proposed loan is enclosed.

Sincerely yours,

Director

Enclosure

cc - James C. Buckley
Office of Lend-Lease Administration Administrator
515 22nd Street, NW.
Washington, D. C.

FOOD DISTRIBUTION ADMINISTRATION
Washington, D. C.

October 1, 1943

Mr. James C. Buckley
Office of Lend-Lease Administration
515 22nd Street, NW.
Washington, D. C.

Dear Mr. Buckley:

Enclosed is a copy of a Certificate of Necessity dated September 30, 1943, executed for the John Doe Co., Chicago, Illinois, together with a copy of our supporting letter.

Sincerely yours,

Director

Enclosure - 2

